



# **Bureau of Finance**

## **FY2013 Budget Presentation**

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**Chief Financial Officer, Cook County**  
**October 22, 2012**

Office of the Chief Financial Officer  
Revenue  
Risk Management  
Budget and Management Services  
County Comptroller  
Contract Compliance  
Office of the Chief Procurement Officer

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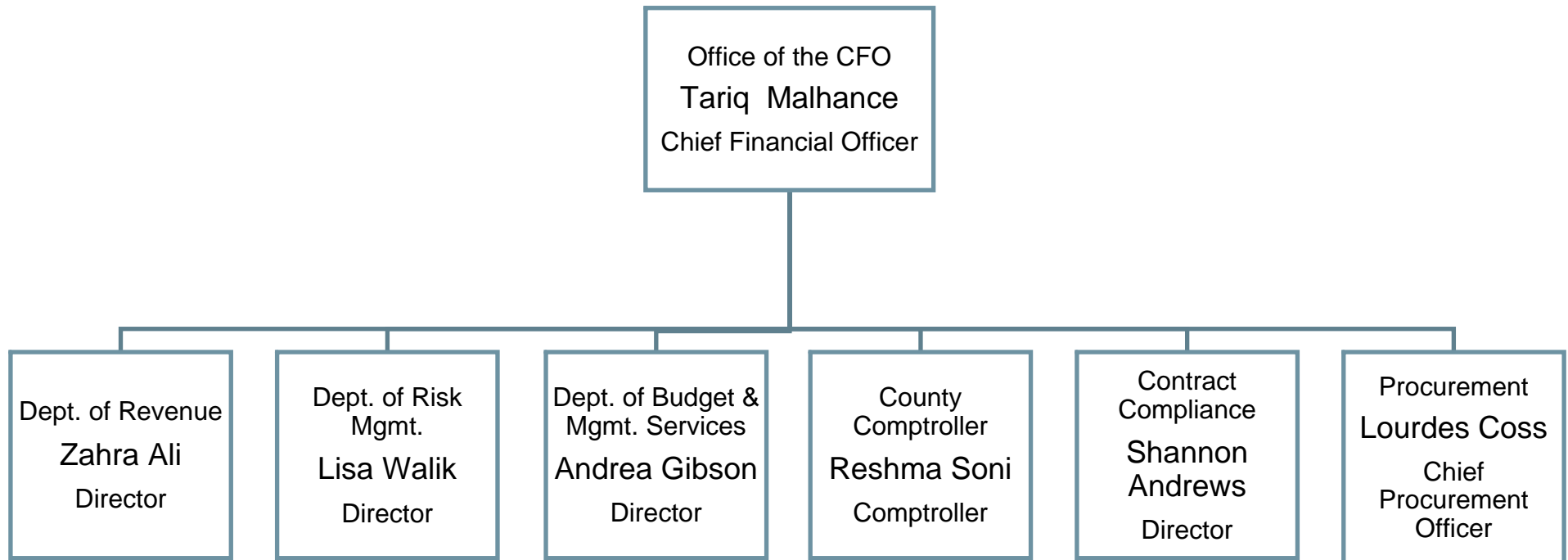
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# Bureau of Finance Management Team

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# 2011-2013 Budget Challenges

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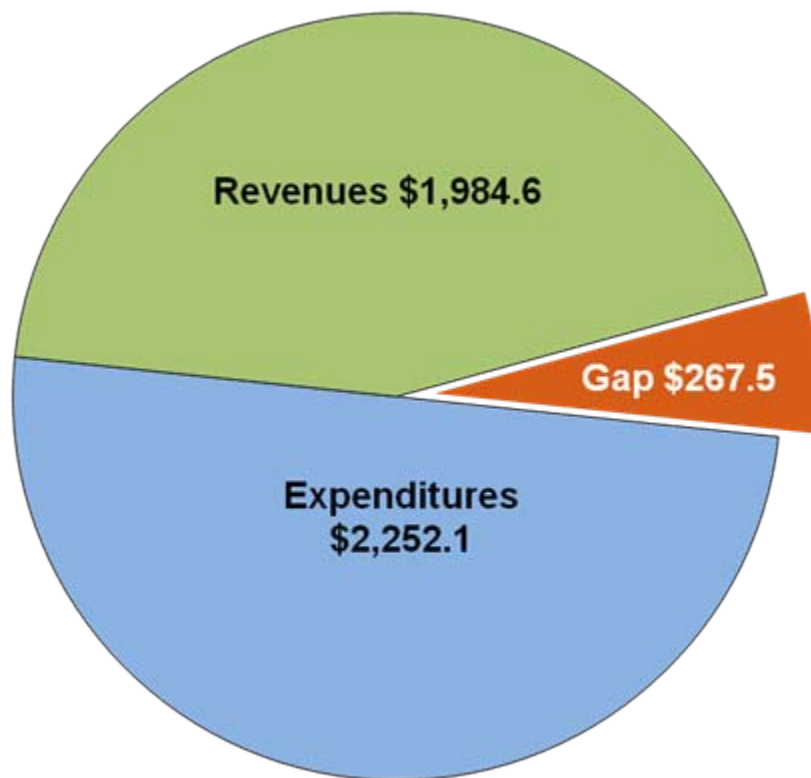
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- 2011 Budget faced a \$487 million shortfall
- 2012 Preliminary Budget projected a \$315.2 million budget shortfall
- 2013 Preliminary Budget projected a \$267.5 million budget shortfall

**Closing a \$1 billion deficit within 2 years for three budgets**

# Closing the Gap

## FY2013 Bureau of Finance Budget Presentation



<b>Preliminary Budget Gap</b>	<b>\$267.5M</b>
Medicaid Expansion	\$99M
Expenditure Reductions	\$50.7M
Targeted New Revenues	\$43.4M
Improved Health Billing/Collections and Updated Rates	\$28.3M
Maximizing Reimbursements, Transfers and Collections	\$23M
Improved Revenues	\$13.5M
Incentive and Rebate Payments	\$5.7M
One Time Revenue Sources	\$3.9M
<b>Remaining Gap</b>	<b>\$0M</b>

# Reducing Expenditures

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## **Expenditure Reductions from Preliminary Budget - \$50.7M**

- Eliminating 462 total positions - \$24.5M
- Reducing health care, drug and benefits costs - \$9M
- Energy savings, reducing electricity and gas usage - \$5.6M
- Procurement savings through vendor contract savings - \$3M
- Managed competition of custodial work - \$2M
- Other Expenditure Reductions - \$6.6M

**Worked with departments to eliminate additional requests of \$152M**

# Revenues

## FY2013 Bureau of Finance Budget Presentation

<b>New Revenues - \$43.4M</b>	<b>Reimbursements, Transfers and Collections - \$23.0M</b>	<b>Incentive and Rebate Payments - \$5.7M</b>	<b>Improved Revenues - \$13.5M</b>
<ul style="list-style-type: none"><li>• Increasing the cigarette tax by \$1/pack to promote public health - \$25.6M</li><li>• Non-Titled Use Tax, which incentivizes businesses to buy within Cook County - \$15M</li><li>• Firearms/Ammunition tax - \$1M</li><li>• Gambling Machine tax - \$1.3M</li><li>• Various Fees - \$0.5M</li></ul>	<ul style="list-style-type: none"><li>• Cigarette Compliance Enforcement - \$6.9M</li><li>• Tax Intercept - \$2.0M</li><li>• Tax Scofflaw Collections - \$2.0M</li><li>• Various reimbursements/other collections - \$12.1M</li></ul>	<ul style="list-style-type: none"><li>• Meaningful Use - \$4.6M</li><li>• Energy Efficiency Rebates - \$1.1M</li></ul>	<ul style="list-style-type: none"><li>• Current Fees and Home Rule Taxes are expected to grow, naturally, by \$13.5M</li></ul>

# Other Non-Tax/Fee Revenue Initiatives

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## **Medicaid Expansion - Section 1115 Waiver - \$99M**

## **Improved Health Billing/Collections and Updated Rates - \$28.3M**

- Improved debt collections - \$14.5M
- Physician Billing – \$3.0M
- Reflecting the updated rate increase - \$10.8M

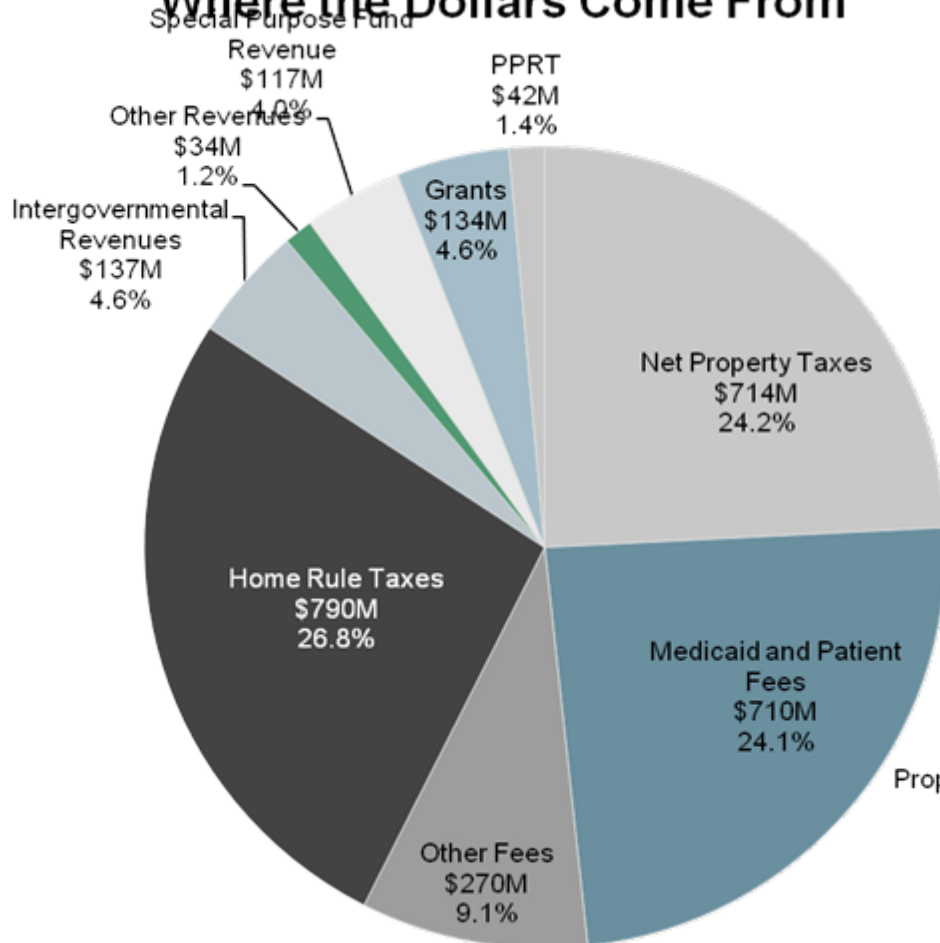
## **One Time Revenue Sources - \$3.9M**

- TIF Disbursement - \$1.4M
- Recorder's Abstract - \$1.5M
- Settlements - \$0.9M

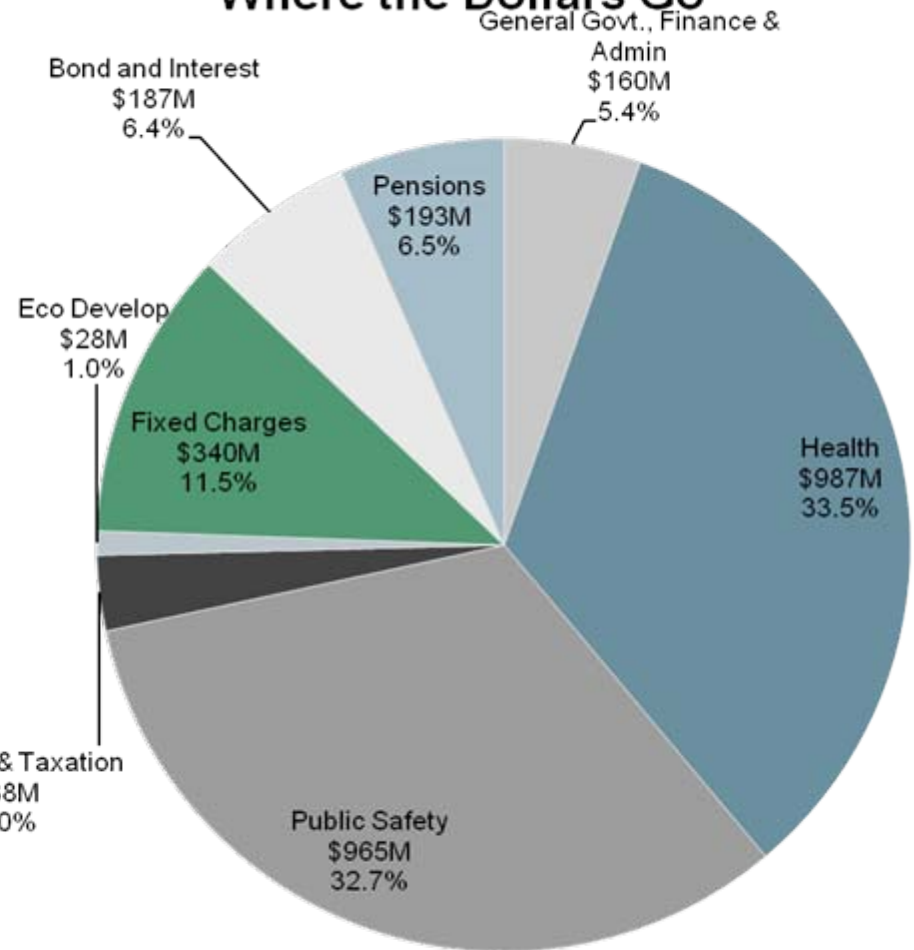
# FY2013 Revenues vs. Expenses

FY2013 Bureau of Finance Budget Presentation

## Where the Dollars Come From



## Where the Dollars Go



# Estimated Revenues FY2013 vs. FY2012

FY2013 Bureau of Finance Budget Presentation

Revenue Type <sup>1</sup>	FY2012 Appropriation	FY2013 Recommendation <sup>2</sup>	\$ Change	% Change
Property Taxes (Excluding Uncollected Taxes)	\$713,156	\$713,952	\$795	0.1%
Fees	891,429	979,930	88,501	9.9%
Home Rule Taxes	837,938	790,307	-47,631	-5.7%
Intergovernmental Revenues	140,736	136,914	-3,823	-2.7%
Other Revenues	30,718	34,328	3,611	11.8%
Special Purpose Fund Revenue	136,221	117,220	-19,001	-13.9%
Allowance for Uncollected Taxes	8,727		-8,727	-100.0%
Grants	148,928	134,433	-14,495	-9.7%
Personal Property Replacement Tax (PPRT)	47,545	42,035	-5,510	-11.6%
<b>Total Revenue</b>	<b>\$2,955,399</b>	<b>\$2,949,118</b>	<b>-\$6,280</b>	<b>-0.2%</b>

1. All dollars in thousands 2. FY2013 property tax is net of allowance for uncollected taxes

# Allocation of Revenue FY2013 vs. FY2012

FY2013 Bureau of Finance Budget Presentation

Allocation Type <sup>1</sup>	FY2012 Appropriation	FY2013 Recommendation	\$ Change	% Change
<b>General Fund</b>	<b>\$2,236,030</b>	<b>\$2,297,399</b>	<b>\$61,369</b>	<b>2.7%</b>
Election	41,607	19,712	-21,894	-52.6%
Annuity & Benefits	196,139	192,970	-3,170	-1.6%
Bond and Interest	193,532	187,385	-6,148	-3.2%
Special Purpose	130,434	117,220	-13,215	-10.1%
<b>Total Special Purpose Fund</b>	<b>561,713</b>	<b>517,286</b>	<b>-44,427</b>	<b>-7.9%</b>
<b>Allowance for Uncollected Taxes</b>	<b>8,727</b>		<b>-8,727</b>	<b>-100.0%</b>
<b>Grants</b>	<b>148,928</b>	<b>134,433</b>	<b>-14,495</b>	<b>-9.7%</b>
<b>Total Operating</b>	<b>\$2,955,399</b>	<b>\$2,949,118</b>	<b>-\$6,280</b>	<b>-0.2%</b>

1. All dollars in thousands

# General Fund Revenue FY2013 vs. FY2012

FY2013 Bureau of Finance Budget Presentation

Revenue Type <sup>1</sup>	FY2012	FY2013	\$ Change	% Change
	Appropriation	Recommendation		
Property Tax	\$335,209	\$355,920	\$20,711	6.2%
Fee Revenue	891,604	979,930	88,326	9.9%
Home Rule Taxes	837,938	790,307	-47,631	-5.7%
Intergovernmental Revenue	140,736	136,914	-3,823	-2.7%
Other Revenue	30,543	34,328	3,786	12.4%
<b>Total</b>	<b>\$2,236,030</b>	<b>\$2,297,399</b>	<b>\$61,369</b>	<b>2.7%</b>

1. All dollars in thousands

# General Fund Expenditures - FY2013 vs. FY2012

FY2013 Bureau of Finance Budget Presentation

	FY2012 Appropriation <sup>1</sup>	FY2013 Recommendation <sup>1</sup>	\$ Change	% Change
Corporate Fund-Operating	\$104,575	\$104,377	-\$199	-0.2%
Corporate Fund-Fixed Charges (490)	58,444	40,802	-17,642	-30.2%
Public Safety Fund-Operating	833,897	886,705	52,808	6.3%
Public Safety Fund-Fixed Charges (499)	344,981	299,630	-45,351	-13.1%
Health Fund-Operating	805,231	865,179	59,948	7.4%
Health Fund-Fixed Charges (899)	88,902	100,706	11,804	13.3%
General Fund-Total Operating	1,743,703	1,856,261	112,558	6.5%
General Fund-Total Fixed Charges	492,327	441,138	-51,189	-10.4%
General Fund-TOTAL	\$2,236,030	\$2,297,399	\$61,369	2.7%
Total Positions (FTEs)	21,914.9	21,526.4	(389)	-1.8%

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## **Bureau of Finance FY2013 Budget Highlights**

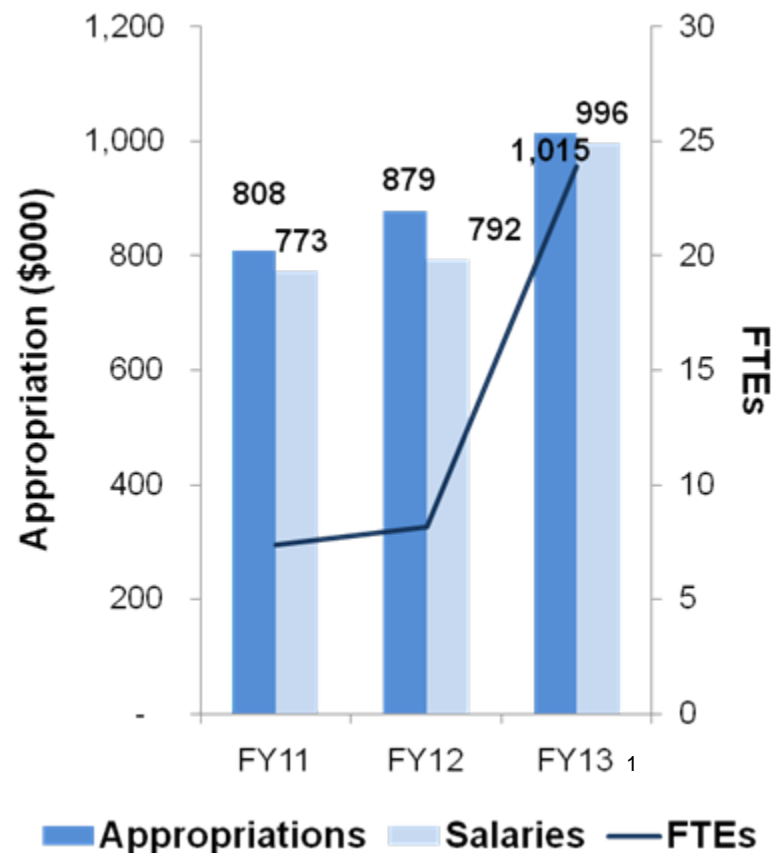
# Office of the Chief Financial Officer

## FY2013 Bureau of Finance Budget Presentation

### Mission

The Office of the Chief Financial Officer (CFO) manages the activities of the Bureau of Finance in a manner that ensures Cook County Government is financially sound and maintains strong bond ratings. The CFO manages the Bureau of Finance to ensure financial integrity and consistency and to engage in endeavors and practices that position Cook County as a leader and role model for fiscal management and streamlined governance.

### Budget and Staffing



1. Salaries for ERP positions offset by ERP capital funds

# **Office of the Chief Financial Officer– FY2013 Budget Highlights**

FY2013 Bureau of Finance Budget Presentation

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## **Implementing Enterprise Resource Planning (ERP) System**

- The Office of the CFO, in collaboration with the Bureau of Technology and the Department of Human Resources, is charged with implementing a new ERP system to modernize county wide operational systems
- An additional 12 positions have been budgeted within the Office of the CFO to support the project which will be paid from capital funds

## **During 2012, issued the County's first AAA rated sales tax bond**

- Used for highway and transportation projects
- Nominated for Bond Buyer Deal of the Year

## **Refunding \$300M-\$400M in bonds for projected savings of \$25M-\$40M**

## **Planning to issue \$24.9M in federally subsidized Qualified Energy Conservation Bonds**

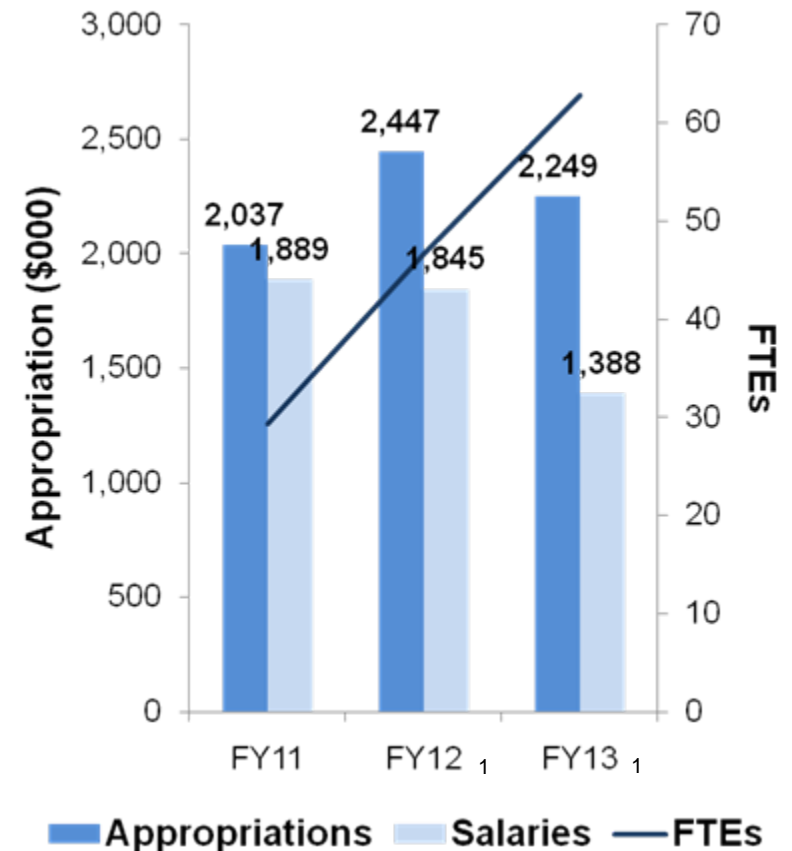
# Revenue

## FY2013 Bureau of Finance Budget Presentation

### Mission

To efficiently administer and enforce the collection of Cook County Home Rule Taxes and fees and fines; while providing courteous, professional service to the public. Also, to fairly and equitably enforce Tax Compliance and accurately process revenue collections.

### Budget and Staffing



1. Salaries for new investigators offset by revenue

# Revenue – FY2013 Budget Highlights

## FY2013 Bureau of Finance Budget Presentation

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### **Tax Discovery**

- Develop and implement comprehensive solution to identify non-registered taxpayers for a projected revenue gain of \$2M

### **New revenue sources**

- Work on successful on time implementation and enforcement of all new revenue sources

### **Lockbox, e-payment, and credit card systems**

- Improve collection of taxes and various fines and fees for greater efficiencies and improved services to tax payers

### **Tobacco-tax system**

- Partnering with Technology to build wrap-around system to capture lifecycle of investigation, adjudication to final collection

### **Integrated Tax Processing Solution**

- Establish framework for one-stop shop for compliance and administration of all home-rule taxes

### **Increase field presence and field/desk audits, promote greater compliance**

# Revenue – 2013 STAR Goals and Targets

FY2013 Bureau of Finance Budget Presentation

STAR Performance Data			
Performance metric	FY2011 Actual	FY2012 Projected YE	FY2013 Target
% of registered Home Rule Tax Collectors filing their return on time	75%	80%	85%
# of Cigarette Tax Investigations	3,023	4,400	6,000
Revenue collected from Home Rule Tax (except Wheel and Cigarette Tax, including new revenue sources)	\$214.6M	\$246.7M	\$290.5M
Revenue from Cigarette Tax	\$124.3M	\$120.8M	\$133.3M

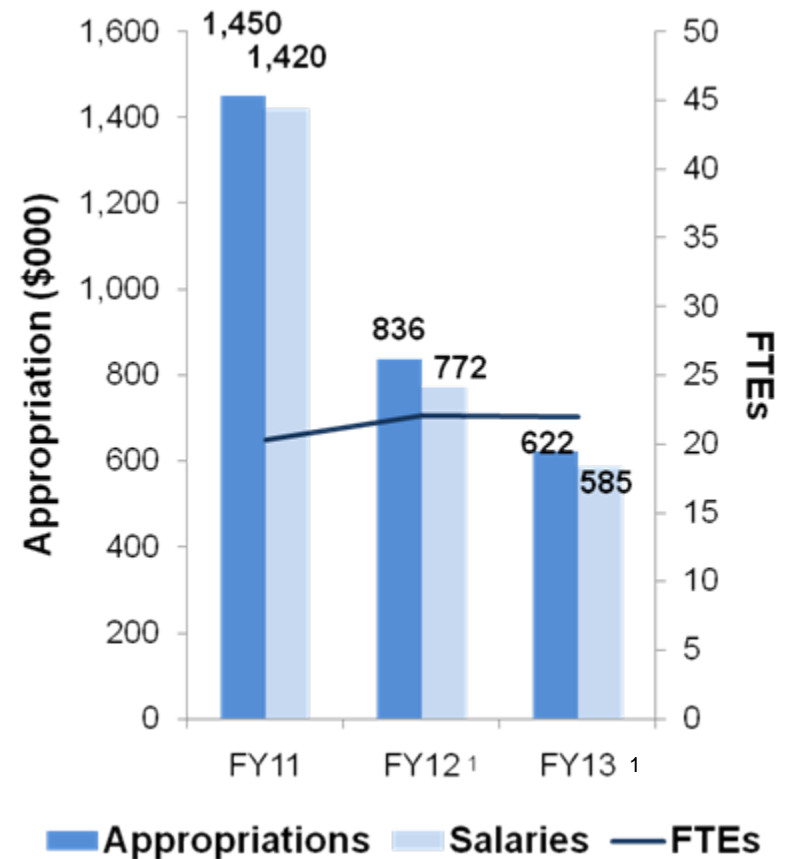
# Risk Management

## FY2013 Bureau of Finance Budget Presentation

### Mission

Responsible for the administration of Employee Benefits, General Liability, Safety and Workers' Compensation programs.

### Budget and Staffing



1. Salaries for work comp and benefits employees offset by self insurance fund

# **Risk Management – FY2013 Budget Highlights**

## **FY2013 Bureau of Finance Budget Presentation**

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### **Health and Pharmacy Benefits Savings**

- Collaborate with vendor partners to further explore savings opportunities for health and pharmacy benefits, representing up to \$6.5M in savings

### **Strategic Planning**

- Work on strategic plans for fringe benefits in preparation for collective bargaining with the goal of cost effectiveness, adherence to the Affordable Care Act and regulatory standards

### **Settlement Authority**

- Work Comp Adjusters seeking settlement authority of up to \$25K in order to expedite the closing of claims representing 75% of claims with State's Attorney

### **Cost Containment Program**

- Continue to maximize the full potential of our cost containment program through medical bill review, utilization review, and nurse case management

### **Reduce medical expenses for Sheriff Detainees at non-County facilities**

- Maximize utilization of IDHFS reimbursement rates which will continue to drive down medical care costs for detainees requiring medical care at non-County facilities

# Risk Management – 2013 STAR Goals and Targets

FY2013 Bureau of Finance Budget Presentation

STAR Performance Data			
Performance metric	FY2011 Actual	FY2012 Projected YE	FY2013 Target
Amount of Cost Savings achieved by Medical Bill Review, Utilization Review, MDN, Nurse Case Management (Workers Comp)	\$14.7M	\$16M	\$17M
Reduce Cost of Fringe Benefits (Employee Benefits)	\$311.6M	\$316M	\$293M
Reduce medical expenses for Sheriff detainees at non-County Facilities (General Liability)	\$4.1M	\$2M	\$1.5M

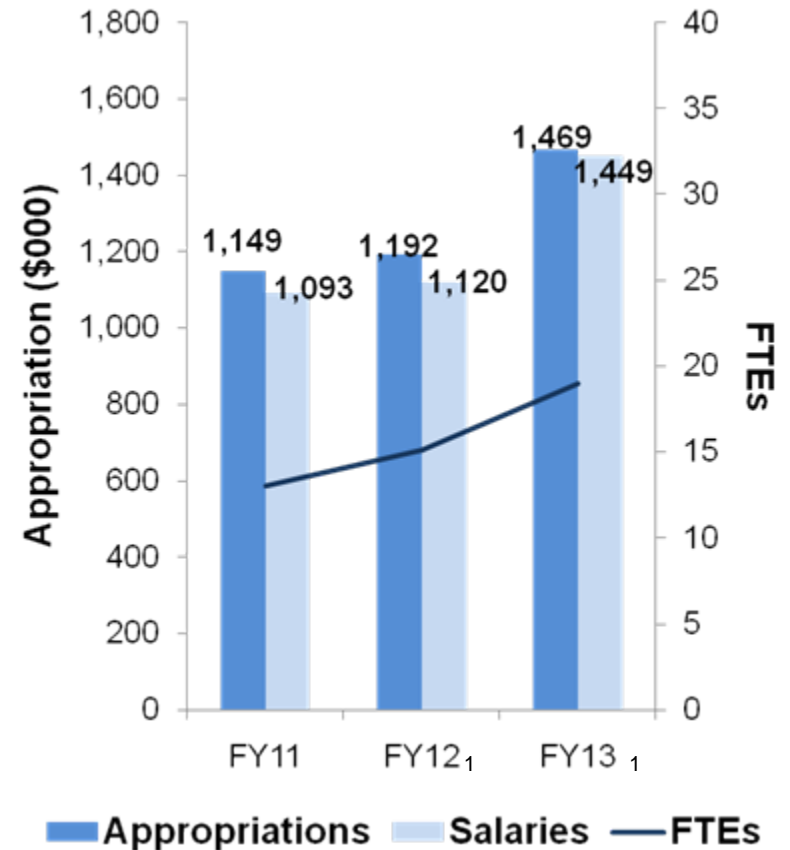
# Budget and Management Services

## FY2013 Bureau of Finance Budget Presentation

### Mission

Prepare, manage and execute the County budget; Evaluate and analyze performance data to recommend improvements that realize efficiency or budget savings; Prepare budgets for federal, state, and private grants.

### Budget and Staffing



1. Increase in salaries due to shift of Bureau of Administration staff - Performance Management

# Budget and Management Services– FY2013 Budget Highlights

FY2013 Bureau of Finance Budget Presentation

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## **Transparency**

- Continue to improve transparency in the budget process in order to better inform County constituents where their tax dollars are spent

## **Budget Preparation**

- Continue to improve on timeliness of budget preparation

## **Performance Management**

- Performance Management will continue to be integrated in the budget process as performance data provides valuable information in deciding how best to direct tax dollars

# Budget and Management Services– 2013 STAR Goals and Targets

FY2013 Bureau of Finance Budget Presentation

STAR Performance Data			
Performance metric	FY2011 Actual	FY2012 Projected YE <sup>1</sup>	FY2013 Target
Number of days before the end of the fiscal year that President's Recommendation is submitted	36	43	50
Number of departments tracking above monthly budget on personnel expenses	9	6	0
Percent of budget commitments implemented	N/A	90%	100%
Number new grant awards	N/A	5	8

1. FY2012 Projected YE for "Number of days before the end of the fiscal year that President's Recommendation is submitted" differs from the budget narrative in the President's Recommendation

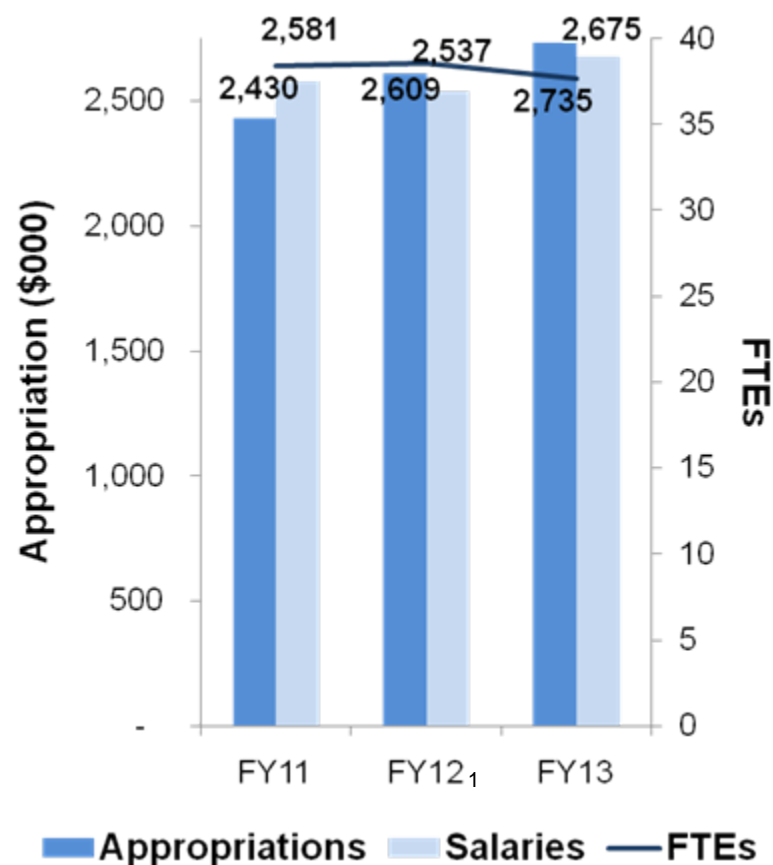
# County Comptroller

## FY2013 Bureau of Finance Budget Presentation

### Mission

Supervise the fiscal affairs of Cook County by maintaining the accounting records, general ledger, financial reporting, accounts payable, payroll, and garnishments in addition to being responsible for the external audit function and timely completion of the Comprehensive Annual Financial Report (CAFR).

### Budget and Staffing



1. Salaries offset by revenue for garnishments

# County Comptroller – FY2013 Budget Highlights

## FY2013 Bureau of Finance Budget Presentation

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### **On-time reporting**

- Continue to issue the CAFR and related audit reports within 6 months of fiscal year end for accurate and timely reporting
- Ensure that Revenue Reports are submitted to the Board within 45 days of month end

### **Vendor ACH payments**

- Work on increasing the number of ACH payments made to vendors
- Implement vendor discount opportunities (1%-2%) such as quick pay discounts, e-payments, and p-cards, to offer quicker payment options to vendors and reduce costs of issuing checks

### **Timekeeper training**

- Continue timekeeper training for all using departments to ensure that payroll is processed properly and errors are reduced

# County Comptroller – 2013 STAR Goals and Targets

FY2013 Bureau of Finance Budget Presentation

STAR Performance Data			
Performance metric	FY2011 Actual	FY2012 Projected YE	FY2013 Target
Avg # of days to process invoices (i.e. invoice date to payment date)	Below 60 Days	Below 50 Days	Below 30 Days
Avg # of months required to complete CAFR	9 months	6 months	6 months
# of timekeeper errors	N/A	40	20

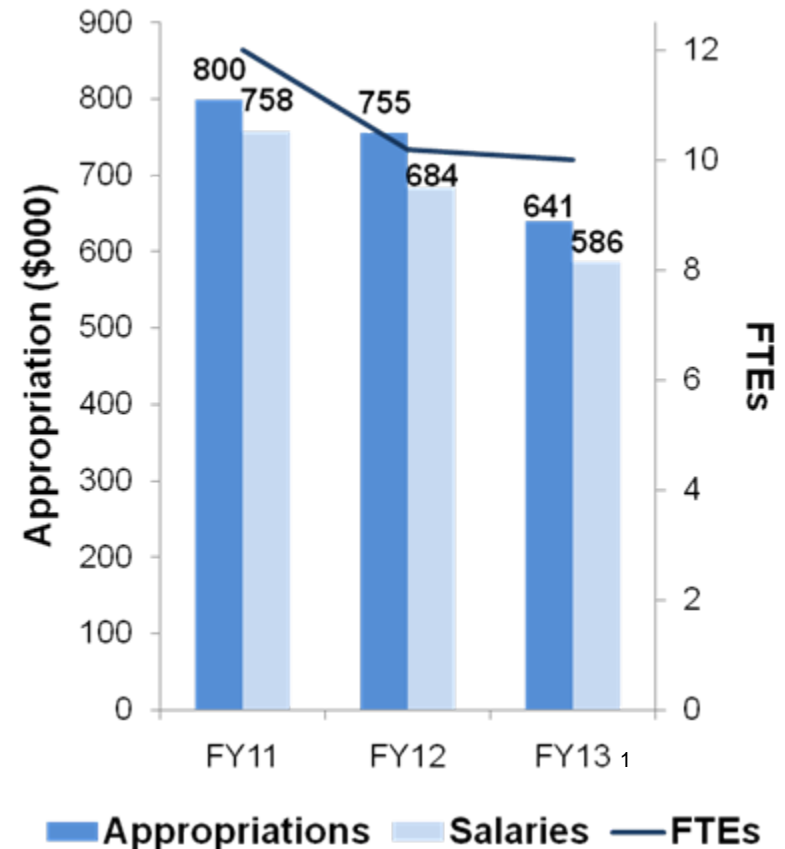
# Contract Compliance

## FY2013 Bureau of Finance Budget Presentation

### Mission

The Office of Contract Compliance is charged with certifying Minority, Women and Veteran Owned Business Enterprises (MBE/WBE/VBEs), ensuring that all County purchases comply with the Cook County Minority and Women Owned Business Enterprise Ordinance, educating County User departments and vendors on the importance and the process of complying with the Ordinance and developing and building the capacity of MBE/WBE and VBE firms.

### Budget and Staffing



1. Salaries reimbursed from a settlement

# Contract Compliance – FY2013 Budget Highlights

## FY2013 Budget Presentation

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### **Certifications**

- Identified necessary legislative changes to support the County and City MBE/WBE Collaboration
- Outlined certification efficiencies where County and City agencies could agree to align certification fees and duration of time of MBE/WBE certifications between both agencies

### **Technology Enhancements**

- Work with the Bureau of Technology to improve or identify systems to report on actual, real time payments to certified firms in order to determine if the participation commitments made by prime contractors are being achieved
- Conduct process improvements to standardize contract compliance forms, documents and processes

### **Outreach**

- Enhance outreach by creating materials and educating all stakeholders on various aspects of doing business with Cook County and achieving compliance on Cook County contracts

# Contract Compliance – 2013 STAR Goals and Targets

FY2013 Bureau of Finance Budget Presentation

STAR Performance Data			
Performance metric	FY2011 Actual	FY2012 Target	FY2013 Target
% of spend with MBE	19%	25%	25%
% of spend with WBE	5%	10%	10%
% of CCHHS spend with MBE	17%	25%	25%
% of CCHHS spend with WBE	7%	10%	10%
Cycle time for certification (days)	N/A	87 <sup>(1)</sup>	90

1. This represents the actual FY2012 projected year end value

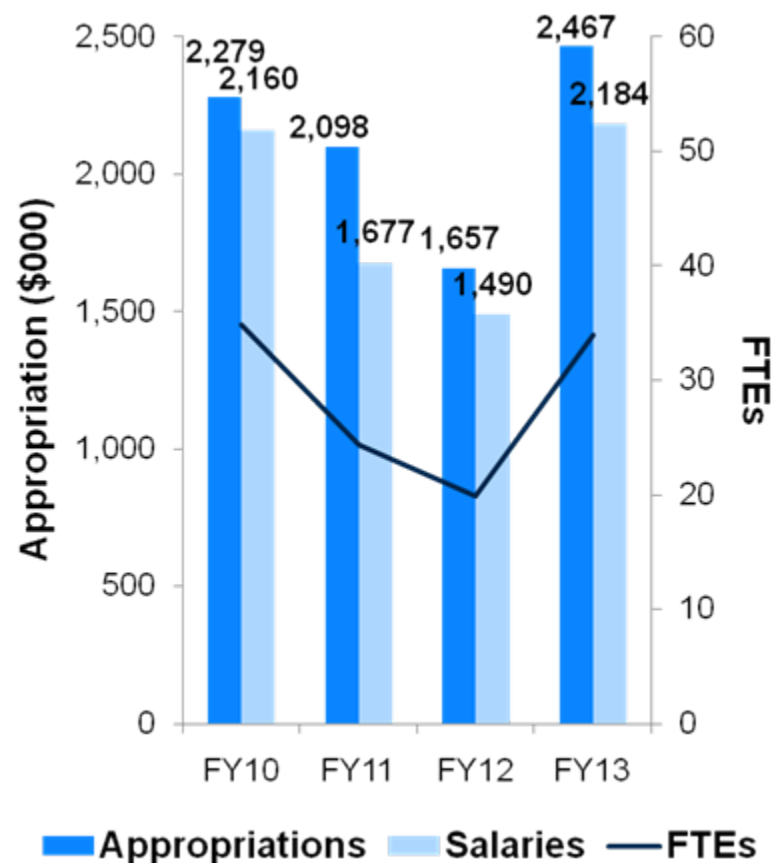
# Office of the Chief Procurement Officer

## FY2013 Bureau of Finance Budget Presentation

### Mission

Add value through the implementation of quality and cost-effective contracts; create partnerships with County departments to foster a team environment while implementing best practices in public procurement; and improve efficiency through the timely execution of the procurement process in accordance with County ordinances.

### Budget and Staffing



# Office of the Chief Procurement Officer – FY2013 Budget Highlights

## FY2013 Bureau of Finance Budget Presentation

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**Cook County Marketplace** – The new CC Marketplace was rolled out to using agencies in September 2012 infusing operational efficiencies and helping realize savings

**Buying Plan** – Institutionalizing the buying plan process to enhance efficiency as well as transparency with vendors and user agencies

### **Training & Vendor Workshops**

- Training sessions that were rolled out in 2012 will continue regularly throughout 2013
- Vendor workshops will continue to be offered quarterly

**Cost Savings** – Multi-year cost savings identified during fiscal year 2012 exceed \$40MM bringing the total for the past 22 months to over \$70MM, plus approx. \$5MM in operational efficiencies from collaborative efforts

### **Reorganization & Professional Development**

- Phase 1 is complete reducing clerical staff to approx. 25% from 46%
- Approx. 35% of the staff will meet the qualifications to take the CPPB exam in 2013

# Office of the Chief Procurement Officer – 2013 STAR Goals and Targets

FY2013 Bureau of Finance Budget Presentation

STAR Performance Data			
Performance metric	FY2011 Actual	FY2012 Projected YE	FY2013 Target
Deliver cost savings on County contracts without sacrificing quality	\$34.1M	\$41.2M	\$10.0M
Increase Department's professionalism and added value-performance evaluation rating	N/A	70%	80%
Cycle time for Small Orders	N/A	64	30
Cycle time for Bids $\geq$ \$25K	N/A	205	90
Cycle time for RFPs	N/A	225	140